

TDX Adak Generating, LLC
Cost of Power Adjustment (COPA)/ Small Facility Power
Purchase Rate (SFPPR)/ Power Cost Equalization (PCE) Update
Memorandum

Date: **April 1, 2021**

| | | |
|-------------------------------------------------|-------------------------------------|-----------------------------------------|
| Utility Name TDX Adak Generating, LLC | Utility File No. TA65-684 | Date Filed: November 13, 2020 |
|-------------------------------------------------|-------------------------------------|-----------------------------------------|

| FILING SUMMARY | | |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| Statutory Deadline: April 5, 2021 | Tariff Sheets recommended for approval: Tariff Sheet No. 55 Filed on February 16, 2021 Tariff Sheet No. 56 Filed on February 16, 2021 Tariff Sheet No. 51 Filed on February 16, 2021 | Staff Recommended Effective Date: April 5, 2020 |
| Side-by-side Tariff Sheets attached as Appendix 4 | | |

| COPA SUMMARY | | | |
|-------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------|-----------------|
| Prior Commission Determination TA Number and Effective Date | Prior Commission Determination (\$/kWh) | Staff Recommended Determination (\$/kWh) | Change (\$/kWh) |
| TA64-684 12/28/2020 | \$ 0.6626 | \$ 0.5006 | \$ (0.1620) |

| SFPPR SUMMARY | | | |
|-------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------|-----------------|
| Prior Commission Determination TA Number and Effective Date | Prior Commission Determination (\$/kWh) | Staff Recommended Determination (\$/kWh) | Change (\$/kWh) |
| TA64-684 12/28/2020 | \$ 0.5876 | \$ 0.5918 | \$ 0.0042 |

| PCE SUMMARY | | | |
|-------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------|-----------------|
| Prior Commission Determination TA Number and Effective Date | Prior Commission Determination (\$/kWh) | Staff Recommended Determination (\$/kWh) | Change (\$/kWh) |
| TA64-684 12/28/2020 | \$ 0.7540 | \$ 0.7540 | \$ - |

Signed: _____

Jed Drolet
Jed Drolet

Utility Tariff Analyst

Reasons for the above recommendations: See Attached Memorandum

| | Date, if different from 4/1/2021 | I CONCUR | I DO NOT CONCUR | I WILL WRITE A DISSENTING STATEMENT* |
|----------|-------------------------------------|-------------------|--------------------|--------------------------------------------|
| Pickett | | <i>RMP</i> | | |
| Kurber | | <i>KKT</i> | | |
| Scott | | <i>AGS</i> AGS | | |
| Sullivan | | <i>DS</i> DS | | |
| Wilson | | <i>JWW</i> | | |

Special Instructions to Staff: _____

* If this column is initialed, Staff will contact the Commissioner for the statement. Otherwise, dissent will be noted at the close of the By Direction Letter or Order.

**TDX Adak Generating, LLC
COPA/SFPPR/PCE Update
Memorandum**

To: Robert M. Pickett, Chair
Keith Kurber II
Antony Scott
Daniel A. Sullivan
Janis W. Wilson

Date: April 1, 2021

File: TA65-684

Utility: TDX Adak Generating, LLC

From: Jed Drolet

Subject: COPA, PCE, SFPPR

COPA Comments

Staff reviewed this tariff filing to ensure compliance with applicable regulations (3 AAC 48.200-3 AAC 48.430). Staff also reviewed the proposed tariff sheets to ensure the stated text is easily understood, and the tariff provisions clearly and comprehensively describe and address the situation to which the tariff provision applies. Proposed revisions to COPA surcharges are reviewed under 3 AAC 52.504, which requires information supporting entries in the balancing account for the historical period, and support for projections for the future period.

Staff Notes:

The estimated fuel costs decreased from \$180,929.72 to \$136,443.37. The estimated balancing account balance decreased from \$8,134.75 to (\$20,227.45). The estimated kWh sales decreased from 285,349 kWh to 232,132 kWh. The decrease in estimated sales causes upward pressure on the COPA surcharge which is offset by downward pressure from the decrease in estimated fuel costs and the decrease in the estimated balancing account balance. The overall effect is a decrease in TDX Adak Generating, LLC's (TAG) COPA surcharge from \$0.6626/kWh to \$0.5006/kWh.

Staff Recommendation

The Commission should approve Tariff Sheet No. 55, filed February 16, 2021, by TDX Adak Generating, LLC with TA65-684. The effective date of the tariff sheet should be April 5, 2020.

SFPPR Comments

TAG's tariff provides that the rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent quarter, updated to reflect the current price of fuel, divided by the number of kWh sold in the most recent quarter.

Staff Notes:

TAG proposes a SFPPR of \$0.5918/kWh, which is an increase of \$0.0042 from the previously approved SFPPR of \$0.5876/kWh.

Staff Recommendation

The Commission should approve Tariff Sheet No. 56, filed February 16, 2021, by TDX Adak Generating, LLC with TA65-684. The effective date of the tariff sheet should be April 5, 2020.

PCE Comments

Proposed adjustments to PCE amounts are evaluated under 3 AAC 52.600-690. Each participating regulated electric utility is required to submit revised PCE amounts in conjunction with COPA surcharge adjustments. The utility must provide information supporting the request for the PCE amount revision. Adjustments will be made to the PCE amount if the utility does not achieve the generation efficiency and line loss standards set out in 3 AAC 52.620. If a utility fails to meet the generation efficiency standards (kWh/gallon), Staff will impute the number of gallons that should have been consumed. Because 3 AAC 52.610(f) provides no guidance on the method of imputing the number of gallons that should have been consumed, Staff uses the method prescribed for non-regulated utilities in 3 AAC 52.610(g)(1)(B). Staff reviews the line loss for each reported month to determine if the 12% line loss standard has been met; if it has not, Staff reviews the annual line loss. If Staff determines that both the monthly and annual line loss standards have not been met Staff will impute the number of kWh that should have been sold. The resulting imputed sales and/or generation is then used to calculate an adjusted balancing account balance which is used in determining the total fuel power costs used in the calculation of the PCE amount.

Staff Notes:

In Order No. U-18-096(5), issued April 12, 2019, the Commission granted TAG's request for a modification of the line loss standard from 12% to 32% for seven years. TAG's line loss for the period reported in TA65-684 is less than 32%. Staff notes that TAG did not meet the fuel efficiency standard of 12.5 kWh per gallon in October, November, and December 2020. Staff therefore imputed the number of gallons that should have been consumed to meet the standard, resulting in a reduction of 408 gallons for October, 822 gallons for November, and 296 gallons for December. This imputation reduced the actual balancing account balance from \$17,118.45 to \$11,587.08, which reduced the estimated balancing account balance from (\$20,227.45) to (\$25,758.80). TAG proposes a PCE amount of \$0.7540/kWh, which is the statutory maximum and is unchanged from the previously approved amount.

Staff Recommendation

The Commission should approve Tariff Sheet No. 51, filed February 16, 2021, by TDX Adak Generating, LLC in TA65-684. The effective date of the tariff sheet should be April 5, 2020.

**TDX Adak Generating, LLC
COPA/SFPPR/PCE Update
Memorandum**

Progress Reports

In Order No. U-18-096(5), issued April 12, 2019, the Commission relieved TAG of its requirement to file quarterly engineering reports on efforts to improve the safety, reliability, and efficiency of its system. TA65-684 therefore does not include such a report. In the same order the Commission required TAG to file annual reports showing evidence of diligent efforts to obtain financing or funding for proposed generation or transmission replacement projects to reduce line loss. The first such report was filed with TA60-684 and documented that TAG applied for and received a \$3,000,000 grant from the USDA High Energy Cost Grant program for Phase 1 of its "Power Plant Relocation and Distribution Upgrade Project." TAG expected that line loss and station service would be significantly reduced once Phase 1 of this project is complete. The second annual report was filed with TA64-684. In this report TAG states that it has continued work on the USDA-funded project, including geotechnical testing at the new power plant site, vendor selection for the generation modules, design and site survey for the distribution system upgrade, and completion of an upgrade to the distribution line serving the City of Adak's water pressure reducing valve.

TDX Adak Generating, LLC
Calculation and Comparison of 500 kWh Bill
TA65-684

| Customer Bills | Prior Determination (\$/kWh) | Updated Determination (\$/kWh) | Change |
|-----------------------------------------|------------------------------------|--------------------------------------|------------|
| Surcharge (\$/kWh) | \$0.6626 | \$0.5006 | (\$0.1620) |
| PCE (\$/kWh) | \$0.7540 | \$0.7540 | \$0.0000 |
| 500 kWh Customer Bill | | | |
| Energy @ \$0.7205/kWh | \$360.25 | \$360.25 | \$0.00 |
| Customer Charge | \$23.50 | \$23.50 | \$0.00 |
| Regulatory Cost Charge @ \$0.000654/kWh | \$0.33 | \$0.33 | \$0.00 |
| Surcharge Amount (\$) | \$331.30 | \$250.30 | (\$81.00) |
| PCE Credit Amount (\$) | (\$377.00) | (\$377.00) | \$0.00 |
| Total Customer Bill (\$) | \$338.38 | \$257.38 | (\$81.00) |

TDX Adak Generating, LLC
Cost of Power Adjustment Amount
TA65-684

| Calculation of Cost of Power Adjustment | | | |
|-----------------------------------------|----------------------------------------------------|------------------------------------|--------------------------------------|
| Line | Description | Prior Determination (\$/kWh) | Updated Determination (\$/kWh) |
| A | Estimated Per Unit Fuel Cost | \$3.629840 | \$3.630013 |
| B | Estimated Fuel Consumption | 49,845.00 | 37,587.57 |
| C | Estimated Per Unit Power Cost | - | - |
| B | Estimated Power Consumption | - | - |
| D | Total Estimated Fuel and Power Costs ((A*B)+(C*D)) | \$180,929 | \$136,443 |
| E | Estimated Balancing Account Balance | \$ 8,135 | \$ (20,227) |
| F | Total (D+E) | \$ 189,064 | \$ 116,216 |
| G | Estimated Retail Sales | 285,349 | 232,132 |
| H | Projected Cost of Power (F/G) | \$ 0.6626 | \$ 0.5006 |
| I | Base Cost of Power | \$ - | \$ - |
| J | Cost of Power Adjustment Amount (H-I) | \$ 0.6626 | \$ 0.5006 |

| Comments |
|----------|
| |

| Actual Costs | | | |
|---------------------------|---------------|---------------------|----------------|
| | Prior Quarter | Reported Quarter | Change |
| Per Unit Fuel Cost | \$ 3.74 | \$ 3.63 | \$ (0.11) |
| Total Fuel Cost | \$ 136,827.78 | \$ 150,480.34 | \$ 13,652.56 |
| Est. Balancing Account | \$ 8,134.75 | \$ (20,227.45) | \$ (28,362.20) |

| Actual Revenues | | | |
|-----------------------|---------------|---------------------|-----------|
| | Prior Quarter | Reported Quarter | Change |
| Sales | 225,902 | 254,476 | 28,574.00 |
| Surcharge Revenues | \$ 140,331.02 | \$ 146,435.52 | 6,104.50 |
| Base Cost Revenues | \$ - | \$ - | \$ - |

Signature: 
Email: bob.pickett@alaska.gov

Signature: 
Email: keith.kurber@alaska.gov

Signature: 
Email: antony.scott@alaska.gov

Signature: 
Email: daniel.sullivan@alaska.gov

Signature: 
Email: janis.wilson@alaska.gov

TDX Adak Generating, LLC
POWER COST EQUALIZATION
TA65-684

| Calculation of Power Cost Equalization | | | | Amendment to Allowable Costs | | |
|----------------------------------------|--------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------------------------|--------------------------------------|---------------|
| | | Prior Commission Determination (\$/kWh) | Updated Commission Determination (\$/kWh) | Line | Description | Amount |
| A | Non-Fuel Power Costs | 0.6365 | 0.6365 | 1 | NON-FUEL COSTS | |
| B | Fuel Power Costs | 0.6434 | 0.4768 | 2 | Allowable Non-Fuel Cost | \$ 817,890 |
| C | Total Power Costs | 1.2799 | 1.1133 | 3 | Twelve Month Total kWh Sales | 1,286,353 |
| | | | | 4 | Regulatory Cost Charge | \$ 0.000654 |
| D | Total Costs Less \$0.2063/kWh | 1.0736 | 0.9070 | 5 | Total Non-Fuel Power Costs | 0.6365 |
| E | 95% of Total Power Costs | 1.0199 | 0.8617 | 6 | FUEL COSTS | |
| F | Statutory Maximum [(1-0.2063)*0.95] | 0.7540 | 0.7540 | 7 | Current Fuel Price | \$ 3.630013 |
| | | | | 8 | Estimated Fuel Consumption (gallons) | 37,587.57 |
| G | Lesser of E or F | 0.7540 | 0.7540 | 9 | Estimated kWh Sales (kWh) | 232,132 |
| | | | | 10 | Balancing Account Balance (imputed) | (\$25,758.80) |
| H | Customer Class Rate | | | 11 | Total Fuel Power Costs | 0.4768 |
| | Residential | 1.2245 | 1.0387 | Surcharge Calculation | | |
| | Small Commercial | 1.1630 | 0.9772 | Line | Description | Amount |
| | Large Commercial | 1.2050 | 1.0192 | | | |
| I | Power Cost Equalization - Lesser of G or H | | | 1 | Total Estimated Fuel Power Costs | 136,443 |
| | Residential | 0.7540 | 0.7540 | 2 | Balancing Account Balance (imputed) | (25,759) |
| | Small Commercial | 0.7540 | 0.7540 | 3 | Total | 110,684 |
| | Large Commercial | 0.7540 | 0.7540 | 4 | Estimated Retail Sales | 232,132 |
| J | Power Cost Equalization - After Reduction | 100% | 100% | 5 | Projected Cost of Power | 0.4768 |
| | Residential | 0.7540 | 0.7540 | 6 | Base Cost of Power | - |
| | Small Commercial | 0.7540 | 0.7540 | | | |
| | Large Commercial | 0.7540 | 0.7540 | 7 | Surcharge | \$ 0.4768 |

| Calculation of Average Customer Class Rate per kWh | | | | | | | | | |
|----------------------------------------------------|-------------------|------------------|--------------------|-------------------------------|-----------------|------------------------|---------------|--------------------------|--------------------------------------|
| | | | | | | | | | Average Rate Less \$0.2063/kWh |
| Line | kWh (by Block) | Rate (\$/kWh) | Customer Charge | COPA Surcharge (\$/kWh) | RCC (\$/kWh) | Total Rate (\$/kWh) | Total (\$) | Average Rate (\$/kWh) | (\$/kWh) |
| 1 | Residential | 0.7205 | 23.50 | 0.4768 | 0.000654 | 1.1980 | 622.50 | 1.2450 | 1.0387 |
| 2 | Small Commercial | 0.6590 | 23.50 | 0.4768 | 0.000654 | 1.1365 | 591.75 | 1.1835 | 0.9772 |
| 3 | Large Commercial | 0.6620 | 43.00 | 0.4768 | 0.000654 | 1.1395 | 612.75 | 1.2255 | 1.0192 |

RCA No. 684 49TH Revision Sheet No. 51
Cancelling
48TH Revision Sheet No. 51

RECEIVED
NOV 13 2020
STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

TDX Adak Generating, LLC

POWER COST EQUALIZATION

The following conditions apply to Power Cost Equalization (PCE) eligibility.

1. Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of Power Cost Equalization to be credited to the bills of all eligible customers rendered on or after the effective date set forth below, is as follows.

| <u>Schedule</u> | <u>PCE Amount</u> |
|------------------|-------------------|
| Residential | \$ 0.7540 per kWh |
| Small Commercial | \$ 0.7540 per kWh |
| Large Commercial | \$ 0.7540 per kWh |

Tariff Advice No. TA64-684 Effective: December 28, 2020

Issued by: TDX Adak Generating, LLC

By: John Lyons Title: TDX Power President

RCA No. 684 50TH Revision Sheet No. 51
Cancelling
49TH Revision Sheet No. 51



TDX Adak Generating, LLC

POWER COST EQUALIZATION

The following conditions apply to Power Cost Equalization (PCE) eligibility.

1. Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of Power Cost Equalization to be credited to the bills of all eligible customers rendered on or after the effective date set forth below, is as follows.

| <u>Schedule</u> | <u>PCE Amount</u> |
|------------------|-------------------|
| Residential | \$ 0.7540 per kWh |
| Small Commercial | \$ 0.7540 per kWh |
| Large Commercial | \$ 0.7540 per kWh |

Tariff Advice No. TA65-684 Effective:

Issued by: TDX Adak Generating, LLC

By: John Lyons Title: TDX Power President

RCA 684 39TH Revision Sheet No. 55
 Canceling 38TH Revision Sheet No. 55

RECEIVED
NOV 13 2020
 STATE OF ALASKA
 REGULATORY COMMISSION OF ALASKA

TDX Adak Generating, LLC

COST OF POWER ADJUSTMENT DETERMINATION

1. Estimated cost for three months beginning December 1, 2020

| | Estimated Quantity (A) | Estimated Unit Cost (B) | Estimated Total Cost | |
|-------------------|------------------------------|-------------------------------|-------------------------|---|
| Diesel Fuel (gal) | <u>49,845</u> | <u>\$ 3.63</u> | <u>\$180,929.72</u> | I |

| | | | | |
|-----------------|-----|--|---------------------|----------|
| Purchased Power | -0- | | | |
| TOTAL | | | \$180,929.72 | I |

2. Balance in Cost of Power Estimated Balancing Account as of **November 30, 2020** \$ **8,134.75** I

Balance in Actual Balancing Account as of
September 30, 2020 \$ **13,073.76**

3. Total (1 + 2) **\$189,064.47** I

4. Estimated retail sales for three months (kWh) 285,349 /kWh R

5. Projected cost of power (3/4) \$ 0.6626 /kWh I

6. Base Cost of Power \$ - /kWh

7. Cost of Power Adjustment Amount (5 - 6) \$ 0.6626 /kWh I

Tariff Advice No. TA64-684 Effective: December 28, 2020

Issued by: TDX Adak Generating, LLC

By: John Lyons Title: TDX Power President

RCA 684 40TH Revision Sheet No. 55
 Canceling 39TH Revision Sheet No. 55



TDX Adak Generating, LLC

COST OF POWER ADJUSTMENT DETERMINATION

1. Estimated cost for three months beginning January 1, 2021

| | Estimated Quantity (A) | Estimated Unit Cost (B) | Estimated Total Cost | |
|-------------------|------------------------------|-------------------------------|-------------------------|---|
| Diesel Fuel (gal) | <u>37,588</u> | <u>\$ 3.63</u> | <u>\$136,443.37</u> | R |

| | | | | |
|-----------------|-----|--|---------------------|----------|
| Purchased Power | -0- | | | |
| TOTAL | | | \$136,443.37 | R |

2. Balance in Cost of Power Estimated Balancing Account as of **February 28, 2021** \$ **(20,227.45)** R

Balance in Actual Balancing Account as of
December 31, 2020 \$ **17,118.45**

3. Total (1 + 2) **\$116,215.92** R

4. Estimated retail sales for three months (kWh) 232,132 /kWh R

5. Projected cost of power (3/4) \$ 0.5006 /kWh R

6. Base Cost of Power \$ - /kWh

7. Cost of Power Adjustment Amount (5 - 6) \$ 0.5006 /kWh R

Tariff Advice No. TA65-684 Effective: _____

Issued by: TDX Adak Generating, LLC

By: John Lyons Title: TDX Power President

RCA No. 684 38TH Revision Sheet No. 56
 Cancelling 37TH Revision Sheet No. 56

RECEIVED
NOV 13 2020
 STATE OF ALASKA
 REGULATORY COMMISSION OF ALASKA

TDX ADAK GENERATING, LLC

Small Facility Power Purchase Rate

The rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent quarter, updated to reflect the current price of fuel, divided by the number of kWh sold in the most recent quarter.

| | | | | |
|----|-------------------------------------------------|-------|-------------|-----------|
| A. | Number of gallons consumed (historical quarter) | | 36,572 | gallons |
| B. | Current fuel price | | \$ 3.63 | \$/gallon |
| C. | Total Fuel Costs | A x B | \$ 132,750 | |
| D. | kWh sold (historical quarter) | | 225,902 | kWh |
| E. | Small Facility Power Purchase Rate | C / D | 58.76 ¢/kWh | R |

Tariff Advice No. TA64-684 Effective **December 28, 2020**

Issued by : TDX ADAK GENERATING, LLC

By : John Lyons Title : TDX Power President

RCA No. 684 39TH Revision Sheet No. 56
 Cancelling 38TH Revision Sheet No. 56



TDX ADAK GENERATING, LLC

Small Facility Power Purchase Rate

The rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent quarter, updated to reflect the current price of fuel, divided by the number of kWh sold in the most recent quarter.

| | | | | |
|----|-------------------------------------------------|-------|-------------|-----------|
| A. | Number of gallons consumed (historical quarter) | | 41,488 | gallons |
| B. | Current fuel price | | \$ 3.63 | \$/gallon |
| C. | Total Fuel Costs | A x B | \$ 150,602 | |
| D. | kWh sold (historical quarter) | | 254,476 | kWh |
| E. | Small Facility Power Purchase Rate | C / D | 59.18 ¢/kWh | I |

Tariff Advice No. TA65-684 Effective

Issued by : TDX ADAK GENERATING, LLC

By : John Lyons Title : TDX Power President